

**REMARKS**

In the application, claims 2-6, 8-12, and 14-16 are pending; claims 2-6 and 8-12 are allowed and claims 14-16 are rejected. After due consideration of the Examiner's comments, Applicants have amended the rejected claims as set forth above and request reconsideration of the amended claims.

The Examiner rejects claims 14-16 under 35 U.S.C. §101 as being directed to non-statutory subject matter. Specifically, the Examiner is of the opinion that the claimed invention as a whole does not accomplish a practical application.

Claim 14 has been amended to emphasize the operation of the claimed method in prediction of behavior in a financial system by adding definitions in the preamble and by specifying that the goal of the generating step is to identify a model that fits the financial return data. It is respectfully submitted that the added claim language makes it clear that the practical application of the method is to predict how a financial system performs by generating a model that fits the financial return data from the financial system. Accordingly, it is submitted that the claimed method is more than a manipulation of an abstract idea and that the claim as amended is clearly directed to statutory subject matter.

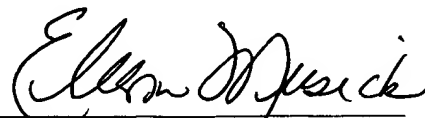
In view of the foregoing amendments and comments, Applicants respectfully request that the Examiner withdraw the rejection and issue a notice of allowance with respect to all claims now presented.

Should the Examiner believe that prosecution of this application might be expedited by further discussion of the issues, he or she is invited to telephone the undersigned attorney for Applicants.

Respectfully submitted,

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By: \_\_\_\_\_



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